### Regulation 39-22-125. Health Benefit Plan Credit.

1) Credit. For tax years beginning on or after January 1, 2000 eligible resident individuals may take a credit against Colorado income tax for certain health benefit plan premiums paid. The credit is available only in those tax years in which state revenues exceed limitations on state fiscal year spending by amounts established in C.R.S. 39-22-125(6). In October or November of each year, the State will certify whether there are sufficient excess revenues to make this credit available. See Regulation 39-22-120 for years in which the credit is available.

#### 2) Credit Allowed.

- a) The credit allowed is the amount paid for a health benefit plan up to a maximum of \$500, but the credit shall not exceed the income tax due for the tax year for which it is claimed. Any unused credit may not be refunded or carried forward as credit toward a subsequent year's income tax. No more than one health benefit plan credit is allowed for any one household.
- b) Payments made by a taxpayer or their employer for a health plan provided through the employer do not qualify for this credit. The credit applies only to fully insured funds and does not apply to Medicare, Medicaid or self-funded insurance plans. Further, this credit is not allowed for health plan payments that were deducted from federal adjusted gross income for that tax year.

# 3) Eligible Individuals.

Colorado resident individuals who purchase or pay premiums for a health benefit plan for themselves, their spouse or their dependents are allowed a credit against Colorado income tax under the following conditions and income limits:

- a) Benefit Plan Conditions
- The resident individual, their spouse or their dependent were not covered by a health benefit plan for any part of the income tax year immediately preceding the income tax year for which they are claiming this credit; **or**
- The resident individual was allowed and was eligible to claim this credit for the income tax year immediately preceding the income tax year for which they are claiming this credit.

### b) Income Limits

The following limitations are based on income for the calendar year immediately preceding the tax year for which the credit is claimed. For example, a taxpayer claiming this credit for the tax year ending December 31, 2001, is limited based on his/her calendar year 2000 income.

- For individuals filing a single return with no dependents, federal adjusted gross income may not exceed \$25,000.
- For two individuals filing a joint return with no dependents, federal adjusted gross income may not exceed \$30,000.
- For two married individuals with no dependents filing separate returns, combined federal adjusted gross income may not exceed \$30,000.
- For individuals with dependents, couples with dependents filing jointly or two married individuals with dependents filing separately, federal adjusted gross income may not exceed \$35,000.

## 4) Part-year and Nonresidents.

Part-year residents may only claim this credit on qualifying payments made while they were residents of Colorado. Nonresidents may not claim this credit.